

General Council

PREPARATIONS FOR THE FOURTH SESSION OF THE MINISTERIAL CONFERENCE

Issues of Concern to Small Economies

Communication from Antigua and Barbuda, Barbados, Dominica, Dominican Republic, Fiji Islands, Grenada, Haiti, Jamaica, Maldives, Mauritius, Papua New Guinea, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Solomon Islands, and Trinidad and Tobago

The following communication, dated 25 July 2001, has been received by the Director-General from the Permanent Mission of the Republic of the Fiji Islands.

The Secretary General of the Pacific Island Forum wrote to you on the 29 June 2001 submitting a proposal by WTO Member countries of the Pacific Forum Island Countries and the Caribbean Community and members of the Indian Ocean Commission which outlines their joint positions on WTO issues in preparations for the Qatar Ministerial Conference. Procedure however requires that such proposals be submitted by a member country of the WTO.

I have the pleasure and honour therefore to resubmit to you the attached joint position¹ and request your kind facilitation in circulating the document to all WTO Members for their consideration and inclusion in the draft Qatar Ministerial text.

The salient features of the proposal as highlighted by the Secretary General, from our standpoint, are worth repeating herein:

- (a) the need to retain in the Qatar Ministerial text the same commitment to small and vulnerable economies that was reflected in the draft Seattle Ministerial text;
- (b) that a working group be established to implement a Work Programme on Small States under the auspices of the General Council;
- (c) that a successful outcome to the WTO negotiations as far as the three FIC WTO Members are concerned, will depend on how their positions are appreciated and what actions are taken to assist them adjust and make meaningful contribution to the WTO process;

¹ Reproduced in the Annex.

- (d) that, for your information, the Forum Island Countries WTO Members' support for the multilateral trading system will be dependent on their ability to contribute positively to the system;
 - (e) as you are no doubt aware, their ability to contribute must begin with the recognition that the current imbalances against them must first be addressed.
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ANNEX

Issues of Concern to Small Economies

Proposal by Antigua and Barbuda, Barbados, Dominica, Dominican Republic, Fiji Islands, Grenada, Haiti, Jamaica, Maldives, Mauritius, Papua New Guinea, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Solomon Islands and Trinidad and Tobago

Introduction

1. We, the WTO Members sponsoring these proposals, strongly support the retention in the Qatar Ministerial text of the same commitment to small vulnerable economies contained in paragraphs 8, 56 and 58 of the draft Seattle Ministerial text of December 1999 (annexed) and call for the establishment of a Working Group to implement our proposals for a Work Programme under the auspices of the General Council.

Implementation

2. We agree that implementation issues constitute an important aspect of the work of the WTO and endorse the thematic approach adopted by the General Council in dealing with the outstanding issues of concern to all developing countries under each agreement as reflected in paragraphs 21 and 22 of the draft Seattle Declaration.

3. We support the proposal by CARICOM members for the need to ensure that the term "substantial supplier", in Article XIII of the GATT 1994 should be defined in a manner which would ensure security and predictability of market access for traditional small suppliers, taking into account factors such as the importance of the product to the exporting country as opposed to the percentage share in the importing markets.

4. Similarly, we urge the Subsidies and Countervailing Measures (SCM) Committee to review the threshold of US\$1000 in Annex VII(b) with a view to taking into account the vulnerability and special problems of small economies. We also urge the SCM Committee to (i) examine additional possibilities for granting flexibility to developing countries such as threshold limits relating to percentage share of exports in import markets and in global trade; and (ii) develop measures to mitigate the high cost of freight and other transport costs resulting from small volumes and remote and distant locations.

5. Additionally, we urge the General Council to adopt measures to secure a redistribution of negotiation rights in favour of small and medium size exporting members in trade negotiations.

6. We wish to emphasize the need for the establishment of a permanent implementation review mechanism to ensure that the issues of implementation under existing or any future agreements are addressed in a structured manner.

7. We call for the operationalization of Special and Differential Treatment provisions for developing countries and LDCs and call on developed WTO Members for full and speedy implementation of these commitments to facilitate adjustments by developing countries and LDCs.

On-going Negotiations/Reviews

- *Agriculture*

8. We agree on the importance of maintaining the integrity of Article 20 of the Agreement in the continuation of the reform process, and emphasize that the negotiations must take into account, as an integral part of the following elements:

- the long-term objective of substantial progressive reductions in support and protection;
- non-trade concerns, including food security and the need to protect the environment;
- special and differential treatment for developing country members, including the particular concerns/needs of small, landlocked and island developing countries, and the possibly negative effects on the implementation of the reform process on least developed and net-food importing developing countries and the objective of establishing a fair and market-oriented agricultural trading system.

9. We emphasize the need to preserve the flexibility of developing countries to implement any commitments in line with their development needs, and emphasize in particular the need to take into account the special circumstances of developing countries highly dependent on existing preferential arrangements

- *Services*

10. We agree that the current architecture of the General Agreement on Trade in Services (GATS) be maintained and that the process of liberalization must take due account of national policy objectives and level of development of individual members as enshrined in Article XIX which stipulates that developing countries must be provided with the appropriate flexibility for opening fewer sectors and liberalizing fewer types of transactions in line with their development situation.

11. We also recognize that the process of liberalization must be undertaken progressively through successive rounds of negotiations and that each round must be preceded with an assessment of trade in services with particular reference to the objectives set out in paragraph 1 of Article IV relating to increasing participation of developing countries in world trade, in terms of the strengthening of their domestic services capacity, access to technology, access to distribution channels and information networks, and liberalization of market access in sectors and modes of supply of export interest to them.

12. We also agree that credit must be given for autonomous liberalization undertaken by developing countries and that due account must be taken of the specific needs and concerns of small economies in the on-going negotiations, in particular with regard to the elaboration of emergency safeguard and subsidy rules for trade in services.

- *Reviews*

13. We emphasize that the on-going reviews of the operation of Uruguay Round Agreements are as important as the mandated negotiations. We wish to highlight for example reviews mandated in Articles 24.2, 27.3(b) and 71 of the TRIPS Agreement, Article 23 of the Agreement on Customs Valuation, Article 12.7 of the Agreement on Sanitary and Phytosanitary measures, Article 15.4 of the Agreement on Technical Barriers to Trade and Article 9 of the Agreement on TRIMS.

14. We call for the establishment of a standing implementation review mechanism to address and resolve the on-going concerns of WTO Members in this area.

Other Elements of the Work Programme

- *"Singapore subjects"*

Trade and Investment

15. We emphasize that investment rules should not be incorporated in the WTO except for trade-related investment measures as presently defined, and that these rules should be implemented in ways which will not impede the efforts of small economies in attracting investment flows, for which they are already greatly disadvantaged.

Trade and Competition Policy

16. We recall that the Singapore Ministerial Meeting established a Working Group to consider the interaction between trade and competition policy. We recognize that such policy is important in promoting efficiency and competitiveness. We emphasize however, that the need for competition policy depends on national circumstances and priorities and must remain a matter for national policy, which should be facilitated by technical support.

Transparency in Government Procurement

17. We recall the plurilateral agreement which provides for transparency, competition and non-discrimination. While appreciating the importance of increasing transparency, and technical support to achieve this, we do not believe that public procurement is a priority matter for international policy at this time.

Trade Facilitation

18. We emphasize the continuing importance of trade facilitation in the promotion of trade liberalization but recognize the particular burdens improved measures place on the administrative capacities of small economies. We call for increasing technical support to aid trade facilitation measures.

- *Other Possible subjects*

Trade and the Environment

19. We emphasize the special significance of sustainable development for small environmentally vulnerable island and low-lying countries. Many of these countries, as tourism-dependent economies, have a high economic reliance on a pristine environment.

20. We recognize that while trade liberalization could promote sustainable development, steps should be taken to ensure that trade-related environmental measures are not used as a disguised restriction on trade. We emphasize the multilateral environment agreements must continue to be the main source of international measures to protect the environment but recognize that strengthened disciplines in the WTO are needed to prevent domestically prohibited products from entering international trade.

Protection of Indigenous Intellectual Property Rights

21. We recognize the considerable effort made by WTO Members to develop appropriate legal regimes at a national and regional level to protect the intellectual property right of indigenous people. Mindful of the incidence of piracy and uncompensated use of indigenous intellectual property rights, we call on WTO members to develop new multilateral disciplines which will grant protection to indigenous property rights holders no less favourable than those available to other intellectual property rights holders.

Trade and Labour

22. We support the exclusion of labour issues from the WTO. We consider that labour standards have an important role to play in international co-operation but that such standards must continue to be developed within the ILO.

Systematic Issues

23. We emphasize the need for increased transparency in the negotiating process and in this context support reform of the current "Green Room" process and propose that there should be small economies representation in such a process.

24. We hope that the rules for ensuring democratic decision-making by consensus in the WTO should be improved but oppose moves to introduce decision-making based on trade weighted voting.

Accession

25. We call for separate, affordable and consistent accelerated accession rules for small vulnerable economies and LDCs through an improved process to facilitate their integration into the multilateral trading system.

Technical Co-operation and Capacity Building

26. We call on the international community to create a modality that will allow small and vulnerable economies which are non-resident WTO Members and Observers to be represented in Geneva at costs they can afford.

27. We urge that members with small administrations should not be required to accept obligations which they do not have the administrative capacity to implement.

28. We emphasize the importance of providing technical assistance and co-operation in order to build capacity to ensure their effective participation into the multilateral trading system.

Annex to the Proposal

**Extracts from the Draft Ministerial Text of 3 December 1999 on
Small Economies**

Paragraph 8

"We undertake to take positive and concrete measures to ensure that developing countries, particularly the least-developed countries and small, vulnerable economies, and transition economies, secure a share in the growth of international trade commensurate with their economic development needs. Reduction and elimination of protection on products and sector of export interest to developing countries would contribute to this goal. Recognizing that developing countries may need flexibility in the implementation of multilateral trade agreements and commitments, we are committed to making all areas of special and differential treatment effective and operational. We also recognize the problems and concerns facing economies in transition and instruct that these be given continuing importance in the WTO work programme".

Paragraph 56

Small Economies

"We initiate a work programme, involving all relevant WTO bodies, to identify concrete trade-related measures for the fuller integration of small, vulnerable economies into the multilateral trading system. This work programme shall take into account and draw on relevant work being undertaken in other international fora. The General Council shall review the work programme and make recommendations for action before the end of the year 2000".

Paragraph 58

Technical Cooperation

"We instruct the WTO Secretariat, in close collaboration with other relevant international intergovernmental organizations, including the United Nations and its UNCTAD agencies, and regional institutions and bilateral donors as appropriate, to reinforce technical cooperation to developing countries, particularly least-developed countries, as well as small, vulnerable economies and transition economies in overcoming obstacles to their participation in the work of WTO bodies and the process of implementation of existing WTO commitments. This reinforced technical cooperation shall address the specific needs of national implementation authorities, and shall aim at facilitating the integration of these economies into the multilateral trading system, taking into account their special circumstances. It shall include steps, as stipulated under Articles 27.2 and 27.3 of the Dispute Settlement Understanding, to ensure that all Members are able to participate effectively in the dispute settlement system. We also endeavour to ensure that specific needs of recipient countries are fully reflected in developing technical assistance programmes at the national level. We undertake to make available the necessary resources for these efforts as appropriate, both directly and through programmes in cooperation with other international institutions."
